

This letter discusses whether an agreement for the sale of pull-tab vending machines is permissible. See Illinois Pull Tabs and Jar Games Act, 230 ILCS 20/1 et seq. (This is a GIL.)

November 17, 2003

Dear Xxxxx:

This letter is in response to your letter dated January 24, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.1120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Our PTVM (Pull-Tab Vending Machines) are legal to sell in your state. We would like to offer customers some special terms to promote sales of our PTVM's. Whereas we would hold title to the machine during the agreement.

Distributor/Supplier would pay an upfront fee for setup, freight, administration, etc. Rebate credit for so much in pull-tab sales would be applied to the price of the machine. After a certain period (example 5 years) the customer would have to pay for the machine's final amount difference and we would then turn over title of the machine to the customer.

Would an agreement and terms as above be legal in your state?

I look forward to your reply.

Thanks for your attention.

There are no provisions for pull-tab vending machine sales under the Illinois Pull Tabs and Jar Games Act, 230 ILCS 20/1 et seq. Therefore, the only question that we could answer in regard to

this agreement would be whether there is any problem with providing rebate credit related to the amount of pull-tab sales. You have not provided any information regarding how the rebate would work, however we are assuming that you would sell pull-tabs to suppliers and based upon the amount of pull-tabs sold to them, you would rebate some of the proceeds toward payment of the pull-tab vending machine. It is our opinion that there is nothing in the Pull Tabs and Jar Games Act that would prohibit this.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote
Associate Counsel

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